



State of Utah
Division of Oil, Gas & Mining
Attn: Diana Mason
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Atchee Federal 21-34-11-25
Sec. 34, T11S, R25E
Uintah Co., Utah

Dear Ms. Mason:

Medallion Exploration is requesting an Exceptional location for the above referenced location due to topography. Medallion is the only operator within 460' radius.

Should you have any questions, please contact me at 801-566-7400 or richens@m-exp.com. Thank you for your help in this matter.

Sincerely,

RaSchelle Richens
Regulatory Affairs Specialist

3165 East Millrock Drive
Suite 550
Holladay, UT 84121
(801) 566-7400
(801) 566-7477 fax

RECEIVED

FEB 27 2007

DIV. OF OIL, GAS & MINING


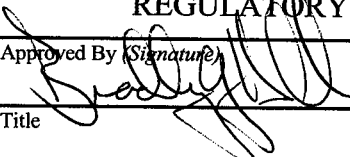
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU76736
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator MEDALLION EXPLORATION		7. If Unit or CA Agreement, Name and No.
3a. Address 6985 Union Park Center, Ste. 375 Midvale UT 84047		8. Lease Name and Well No. Atchee Federal 21-34-11-25
3b. Phone No. (include area code) 801-566-7400		9. API Well No. 43-047-38769
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface NENW 486' FNL & 1625' FWL At proposed prod. zone 661976X 39.824394 4409771Y-109.107384		10. Field and Pool, or Exploratory Undesignated
11. Sec., T., R., M., or Blk. And Survey or Area Sec. 34 T.11S R25E		
14. Distance in miles and direction from the nearest town or post office* 58.3 Miles South of Vernal, Utah		12. County or Parish Uintah
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 486'		13. State Utah
16. No. of acres in lease 1640		17. Spacing Unit dedicated to this well 640
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA		20. BLM/ BIA Bond No. on file UTB000021
19. Proposed Depth 4500'		21. Elevations (Show whether DF, RT, GR, etc.) 5676' GR
22. Aproximate date work will start* Upon Approval		23. Estimated duration 10 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/ Typed) RaSchelle Richens	Date 7-Mar-06
Title REGULATORY AFFAIRS		
Approved By (Signature) 	Name (Printed/ Typed) BRADLEY G. HILL	Date 02-27-07
Title ENVIRONMENTAL MANAGER		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Federal Approval of this
Action is Necessary

RECEIVED

OCT 27 2006

DIV. OF OIL, GAS & MINING

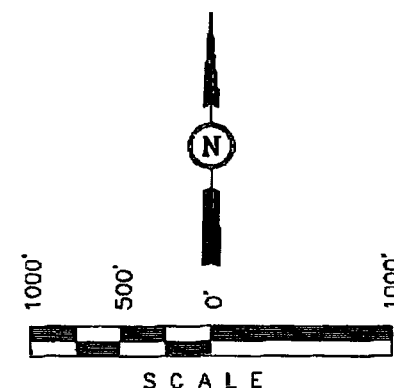
T11S, R25E, S.L.B.&M.

MEDALLION EXPLORATION

Well location, ATCHEE FEDERAL #21-34-11-25, located as shown in the NE 1/4 NW 1/4 of Section 34, T11S, R25E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

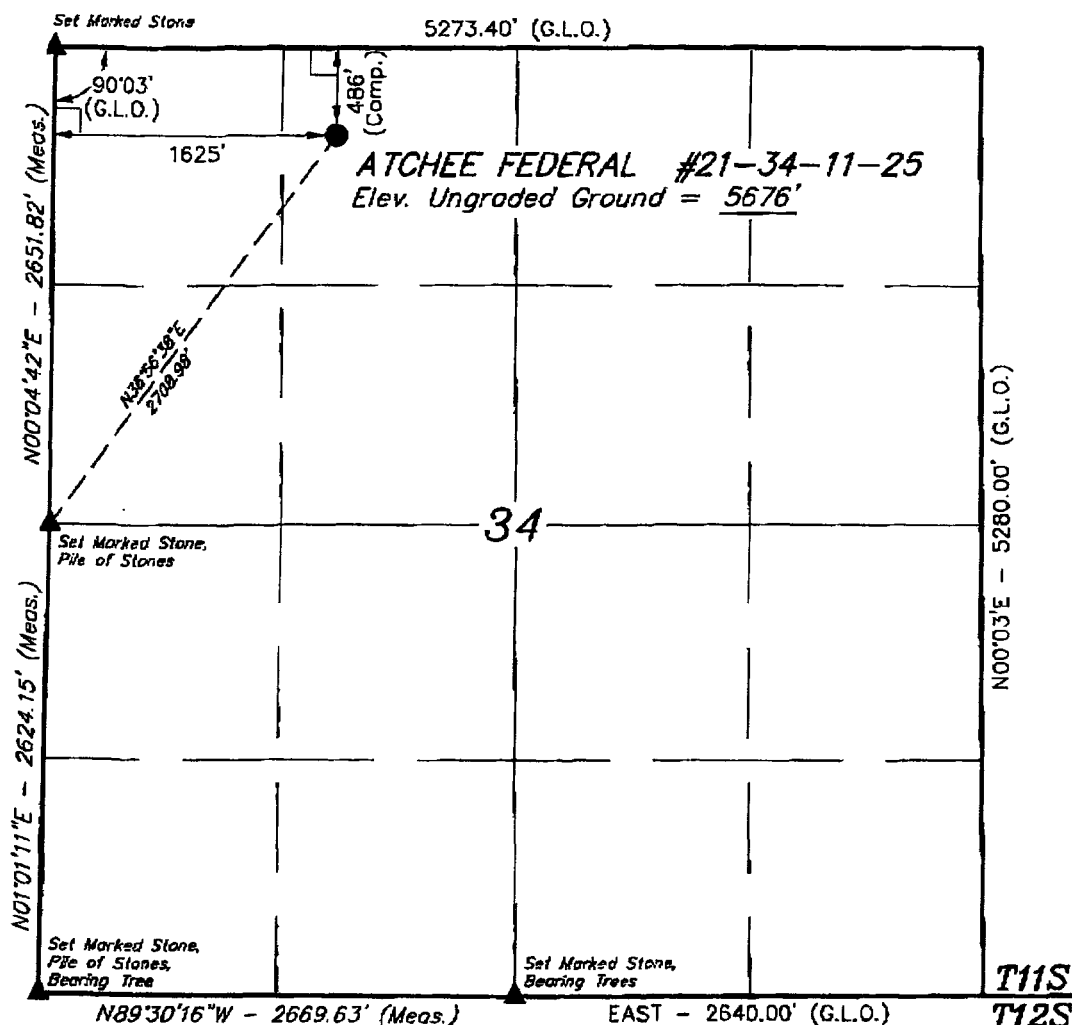
BENCH MARK (V61) LOCATED IN THE SE 1/4 OF SECTION 21, T11S, R25E, S.L.B.&M. TAKEN FROM THE DRAGON QUADRANGLE, UTAH-COLORADO, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5590 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert H. Hay
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH



BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)

LATITUDE = 39°49'27.79" (39.824386)

LONGITUDE = 109°06'29.24" (109.108122)

(AUTONOMOUS NAD 27)

LATITUDE = 39°49'27.90" (39.824417)

LONGITUDE = 109°06'26.84" (109.107456)

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-03-05	DATE DRAWN: 10-10-05
PARTY J.F. P.J. L.K.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE MEDALLION EXPLORATION	

Onshore Order No. 1
MEDALLION EXPLORATION
Atchee Federal 21-34-11-25
NENW Sec. 34, T11S, R25E
Uintah County, Utah

LEASE NO. UTU76736
DRILLING PLAN

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All Lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Green River	Surface	+6739'
Wasatch	1552'	+5187'
Mesa Verde	2422'	+4317'
T.D	4500'	+2739'

2. Estimated Depths of Anticipated Water, Oil, Gas or Minerals Formation

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Wasatch	1552'
Gas	Mesa Verde	2422'
Water	N/A	

All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment: (Schematic Attached)

Medallion Exploration minimum specifications for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be

considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the State representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 2000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.

- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. **Proposed Casing and Cementing Program:**

- a. The proposed casing and cementing program shall be conducted as to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Surface casing shall have centralizers on every fourth joint of casing starting with the shoe joint and up to the bottom of the cellar.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid,

inner string cement method, etc. shall be utilized to help isolated the cement from contamination by the mud fluid being displaced ahead of the cement slurry.

- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not exceed 70 percent of the minimum internal yield. If pressure declines more than 1- percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory well, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing how shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Wt.</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-450'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Production	0-4500'	7-7/8"	5-1/2"	17#	J-55	LT&C	New

- n. Casing design subject to revision based on geologic conditions encountered. If used casing is utilized it will be tested to API standards for new or better casing.
- o. The cement program will be as follows:

<u>Surface</u> 0-450'	<u>Type and Amount</u> 295 sx Class "G" (Yield - 1.16) with 2% Cacl, .25#/sk Celloflake, Vol are 100% excess. Circulate to surface.
<u>Production</u>	<u>Type and Amount</u> Lead with 115 sacks 28-72 Poz (Yield -3.42) with 10% gel, +6lbs/sk BA-91 Bonding, 0.5% SM +2#/sk KOL seal, +0.25% celloflake. Followed by 360 sacks Class "G" (Yield - 1.53) with 10% Gypsum, +10%salt, +4% FL-52.

Note: Actual volumes to be calculated from caliper log.

- p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient

lead time, in order to have a BLM representative on location while running all casing strings and cementing.

- q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- r. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- s. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock.
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

5. **Mud Program:**

- a. The proposed circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-450'	Native	8.4-8.8	N/A	NC	9.0
0-4500'	LSND	8.4-8.8	36-38	10-15cc	9.0

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations. A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:
 - 1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.

- c. No chromate additives will be used in the mud system on State, Federal and/or Indian lands without prior State or BLM approval to ensure adequate protection of fresh water aquifers.
- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.
- e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. Evaluation Program:

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if they are run the following will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program consists of a Phaser Induction and Compensated Neutron Density from T.D. to base of surface casing.
- c. Core samples will be taken of the Lower Mesa Verde.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample

description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

- e. The anticipated completion program is as follows:
The Mesa Verde and the Wasatch formations will be perforated, tested and sand fraced if necessary in sequence until a paying zone has been establish.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Temperatures of Pressures

- a. No abnormal temperatures or pressures are anticipated. No H2S has been encountered in or known to exist from previous wells drilled to similar depths in the general area.
- b. The maximum anticipated bottom hole pressure will be approximately 900 psi at T.D.

8. Anticipated Starting Dates and Notification of Operations

- a. Drilling will commence immediately upon approval of this application and the availability of a Drilling Rig.
- b. It is anticipated that the drilling of this well will take approximately 5 days.
- c. The Bureau of Land Management shall be notified, during regular work hours (7:45 a.m. - 4:30 p.m., Monday through Friday with the exception of holidays), at least 24 hours prior to spudding the well.
- d. Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- e. The date on which productions is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.
- f. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized

Officer. Should gas be vented or flared without approval beyond the authorized test period, the operation may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

- g.** No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- h.** The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- i.** In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.
- j.** Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revisions.
- k.** If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- l.** Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, no later than 5 days following the date on which the well is placed on production.
- m.** Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- n.** Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the

District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.

- o.** A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- p.** A first production conference will be scheduled within 15 days after receipt of the first production notice.
- q.** No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5 will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.
- r.** Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.

ONSHORE ORDER NO. 1
Medallion Exploration
Atchee Federal #21-34-11-25
NENW SEC. 34, T11S, R25E S.L.B. & M.
Uintah County, Utah

LEASE NO. UTU 76736
SURFACE USE PLAN

ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

Location Construction - forty-eight (48) hours prior to construction of location and access roads.

Location Completion - prior to moving on the drilling rig.

Spud Notice - at least twenty-four (24) hours prior to spudding the well.

Casing string and Cementing twenty-four (24) hours prior to running casing and cementing all casing strings.

BOP and Related – Equipment Tests twenty-four (24) hours prior to initiating pressure tests.

First Production – Notice within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

1. Existing Roads

- a. The proposed well site is located approximately 58.3 miles south of Vernal, Utah.
- b. Directions to the location from Vernal, Utah are as follows:
Proceed in an easterly, then southerly direction from Vernal, Utah along U.S. highway 40 approximately 3.9 miles to the junction of state highway 45; exit right and proceed in a southerly direction approximately 41.5 miles on paved State Hwy 45 to the Junction of this Road and Gravel State Hwy 45 to the Southeast; turn left and proceed in a southeasterly direction approximately 12.6 miles to the beginning of the proposed access to the southeast; follow road flags in a southeasterly direction approximately 300' to the proposed location.
- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. The existing access going through the location will be reclaimed.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. Planned Access Roads

- a. Approximately 300' +/- of new construction will be required as shown on Map B.
- b. The maximum grade of the new construction will be approximately 5%.
- c. No turnouts are planned.
- d. No low water crossings will be necessary. There are no major cuts and fills. No culverts and/or bridges will be required.
- e. The new access road was centerline flagged at the time of staking.
- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- h. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. (1989).
- i. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainage's be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- j. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well,. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produce, stored, transported, or disposed of in association with the drilling of this well.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location. See Map #C).

- a. Water wells - none.

- b. Injection wells - none
- c. Producing wells - none
- d. Drilling wells - none
- e. Shut-in wells - none
- f. Temporarily abandoned wells - none
- g. Disposal wells - none
- h. Abandoned wells - none
- i. Dry Holes - none

4. Location of Tank Batteries and Production Facilities.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Olive Black. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. A Sundry Notice (Form 3160-5) will be submitted showing placement of all production facilities prior to construction.
- d. All load lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with all regulations for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. Any necessary pits will be properly fenced to prevent any wildlife entry.

- h. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- i. All off-lease storage, off-lease measurement, or commingling on-lease or off lease will have prior written approval from the District Manager.
- j. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- k. The road will be maintained in a safe useable condition.
- l. The pipelines will be buried and installed outside of corridors, approximately 200' to the South and hook into the main gas pipeline.

5. Location and Type of Water Supply

- a. All water needed for drilling purposes will be obtained from the Seep Canyon 19-12-25#1 well located in the SWSW Sec. 19, T12S, R25E, Uintah Co., Utah. A copy of the temporary permit identifying the permit number and point of diversion is submitted with APD.
- b. Water will be hauled to location over the roads marked on Maps A and B.
- c. No water well is to be drilled on this lease.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. If fractured rock is encountered, a 12 mil plastic nylon reinforced liner will be utilized. The pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the AO. If a pit liner is deemed to be unnecessary, the pit must be inspected by a representative of the Bureau of Land Management prior to putting fluids in the pit.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.

- d. Drill cuttings are to be contained and buried in the reserve pit.
- e. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- f. A chemical porta-toilet will be furnished with the drilling rig.
- g. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

There are no airstrips, camps or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. The operator or his/her contractor shall contact the BLM Office forty-eight (48) hours prior to construction of activities.
- b. The reserve pit will be located on the south side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the south side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the south corner of the location between points B & C and the south side point 10.
- e. Access to the well pad will be from the north between points 8 and 9.
- f. See location layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the location layout.
- h. During construction, all brush will be removed from the well pad and access road and stockpiled separately from the topsoil.
- i. All pits will be fenced according to the following minimum standards.
 - 1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).

2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- J. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. **Plans for Restoration of Surface**

Producing Location

- a. Immediately upon well completion the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed.
- c. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.
- e. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the AO.

The seed mixture for reclamation work will be 6#/ac. Western Wheat Grass and 6.0#/ac. Needle and Thread as recommended by the authorized officer of the BLM. Seeding will be performed in the fall after September 15 or until permanent ground freeze. Any other seeding period will require the approval of the authorized officer.

Dry Hole

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads - All roads are County maintained.

Wellpad - The well pad is located on Federal lands

12. Other Information

- a. A Class III archeological survey was conducted by Montgomery Archaeological Consultants. No cultural resources were found and clearance has been recommended. A copy of this is attached.
- b. A paleontological reconnaissance report was conducted by Intermountain Paleo-Consulting , and a copy of the report is attached.
- c. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archeological sites, or for collecting artifacts. If historic or archeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the Operator as to:
 - whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - A time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO Will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.
- d. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the appropriate County Extension Office.

- e. Drilling rig and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if authorization is obtained, it is only a temporary measure.
- f. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- g. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- h. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.
- i. "Sundry Notice and Report on Wells" (3160-5) will be filed for approval for all changes of plans and other operations.
- j. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expirations of the original approval period. After permit termination, a new application will be filed for approval for any future operations.
- k. The operator or his contractor shall contact the BLM Office 48 hours prior to construction activities.
- l. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.
- m. In the event after-hours approvals are necessary, please contact the following individual.

12. Lessee's or Operator's Representative and Certification

Permit Matters
RaSchelle Richens
6985 Union Park Center, Ste. 375
Midvale, Utah 84047
801-566-7400 Office
801-566-7477 Fax

Drilling Matters
Michael Dudley
1614 S. 2000 W.
Roosevelt, Utah 84066
435-725-8900 Office
435-725-8901 Fax
435-823-0316 Cell

13. **CERTIFICATION**

RaSchelle Richens
6985 Union Park Center, Ste. 375
Midvale, Utah 84047
801-566-7400

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

A complete copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location s and drilling activities.

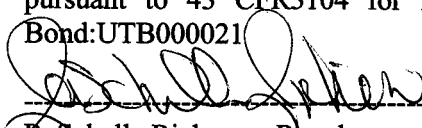
The operator of his/her contractor shall contact the BLM office at (435) 781-4400 forty-eight (48) hours prior to construction activities.

The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Medallion Exploration and its contractors and sub contractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18.U.S.C.100 for the filing of a false statement.

Please be advised that Medallion Exploration is considered to be the operator of Well No. Atchee Federal 21-34-11-25 NENW Sec. 34, T11S, R25E, Lease UTU-76736; Uintah County, and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage pursuant to 43 CFR3104 for lease activities is being provided by Medallion Exploration BLM

Bond:UTB000021


RaSchelle Richens – Regulatory Affairs


Date

RECEIVED

MAR - 3 2006

WATER RIGHTS
SALT LAKETEMPORARY APPLICATION
TO APPROPRIATE WATER

Rec. by

Fee Amt. \$

Receipt #

STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 2218

(NJANKD)

TEMPORARY APPLICATION NUMBER: T76207

1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: Medallion Exploration
ADDRESS: c/o Raschelle
6985 Union Park Center Suite 375
Midvale, UT 84047

B. PRIORITY DATE: March 3, 2006

FILING DATE: March 3, 2006

2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 20.0 acre-feet

B. SOURCE:

COUNTY: Uintah

C. POINT OF DIVERSION -- UNDERGROUND:

(1) N 655 feet E 1,980 feet from SW corner. Section 19, T 12S, R 25E, SLBM
WELL DIAMETER: 12 inches WELL DEPTH: 6,301 feet
COMMENT: Existing well (Oil/gas production well)

D. COMMON DESCRIPTION: Off Atchee Ridge Road

3. WATER USE INFORMATION:

OTHER: from Jan 1 to Dec 31. OIL EXPLORATION: Used for completion of oil/gas well
Acre Feet allowed by this Right for this Use: 20.0

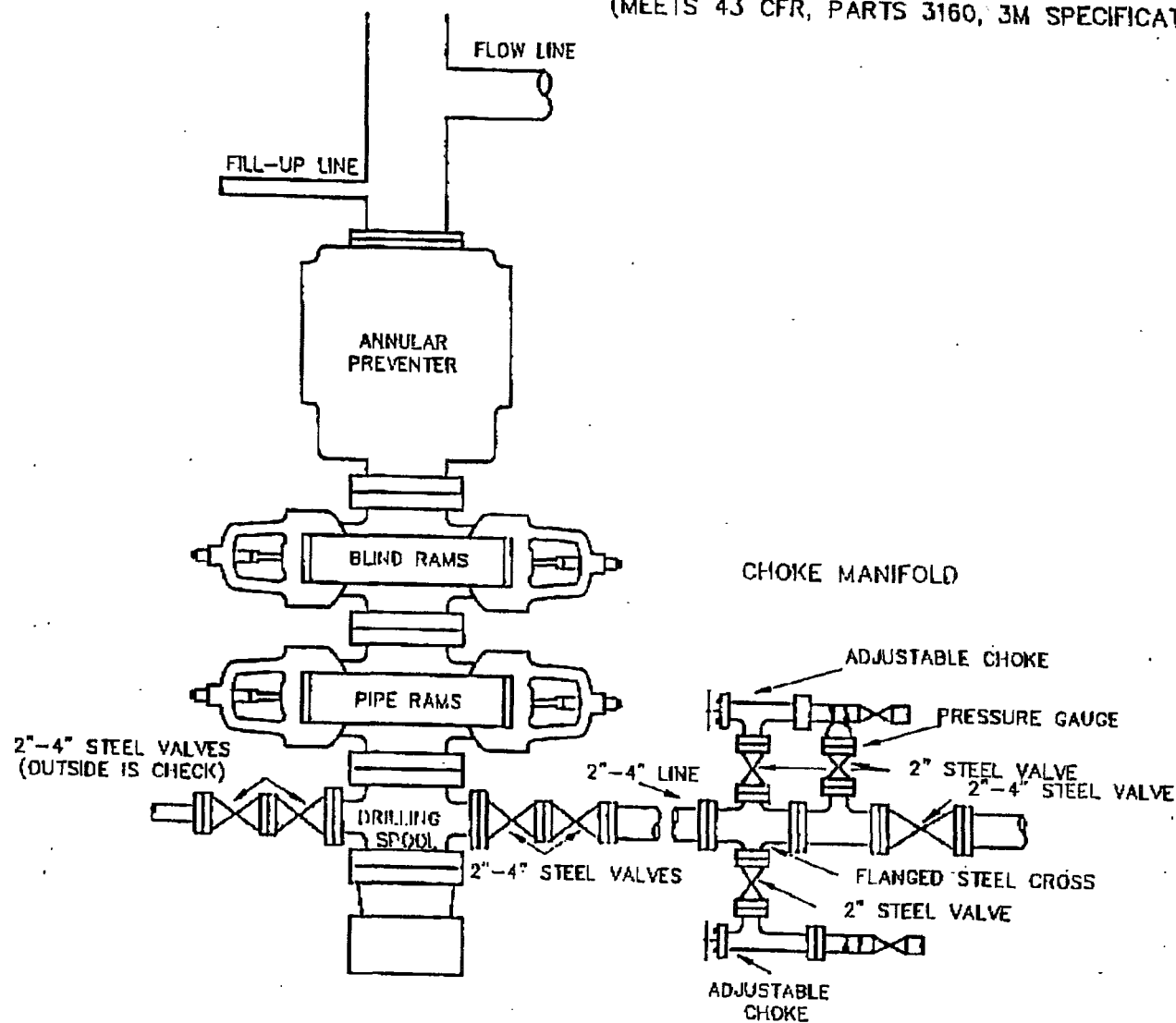
4. EXPLANATORY:

Land leased from Trust Lands. Applicant has mineral lease for the use of the land.
Well drilled under Oil. Gas and Mining under IP 4304732660.
Borehole is 12 1/4'; casing 5 5/8'; production hole 7 7/8' and production casing 4 1/2'.
Existing oil/gas production well - by-product of this is excess water to be used in completion of exploration wells.

Temporary Appropriation

Typical BOP Equipment. Actual Configuration May Vary Slightly But Will Conform With Onshore Order No. 2

THREE PREVENTER HOOKUP
CLASS III
(MEETS 43 CFR, PARTS 3160, 3M SPECIFICATIONS)

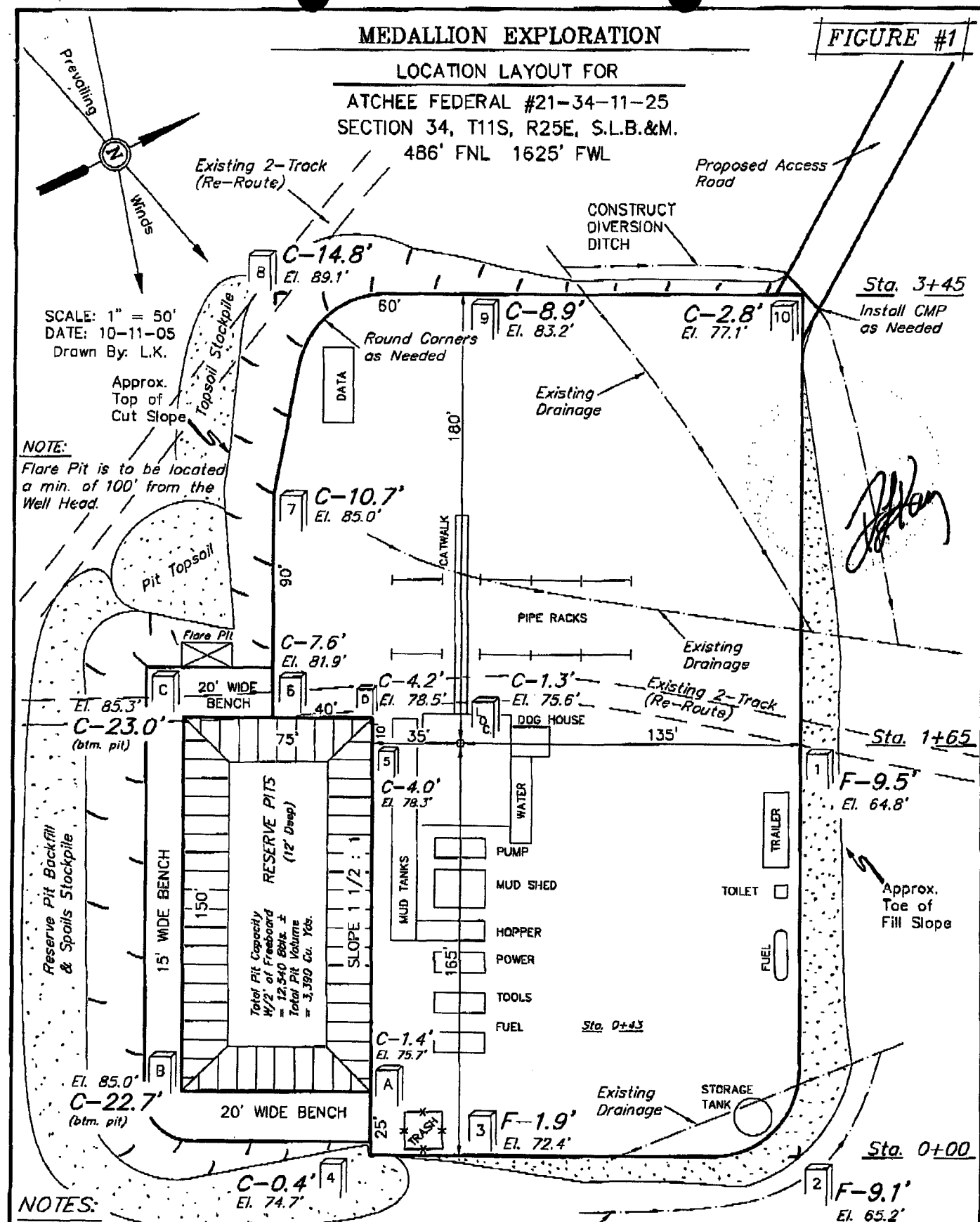


MEDALLION EXPLORATION

FIGURE #1

LOCATION LAYOUT FOR

ATCHEE FEDERAL #21-34-11-25
SECTION 34, T11S, R25E, S.L.B.&M.
486' FNL 1625' FWL



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5675.6'
FINISHED GRADE ELEV. AT LOC. STAKE = 5674.3'

CONSTRUCT
DIVERSION
DITCH

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

MEDALLION EXPLORATION

FIGURE #2

TYPICAL CROSS SECTIONS FOR
ATCHEE FEDERAL #21-34-11-25
SECTION 34, T11S, R25E, S.L.B.&M.
486' FNL 1625' FWL

X-Section
Scale

1" = 50'

DATE: 10-11-05
Drawn By: L.K.

Preconstruction
Grade

STA. 3+45

STA. 1+65

STA. 0+50

STA. 0+00

Slope = 1 1/2:1
(Typ.)

* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 1,930 Cu. Yds.
Remaining Location = 13,810 Cu. Yds.

TOTAL CUT = 15,740 CU.YDS.
FILL = 9,230 CU.YDS.

EXCESS MATERIAL = 6,510 Cu. Yds.
Topsoil & Pit Backfill
(1/2 Pit Vol.) = 3,630 Cu. Yds.
EXCESS UNBALANCE = 2,880 Cu. Yds.
(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
86 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

MEDALLION EXPLORATION

ATCHEE FEDERAL #21-34-11-25

LOCATED IN UINTAH COUNTY, UTAH

SECTION 34, T11S, R25E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

10 04 05
MONTH DAY YEAR

PHOTO

TAKEN BY: J.F.

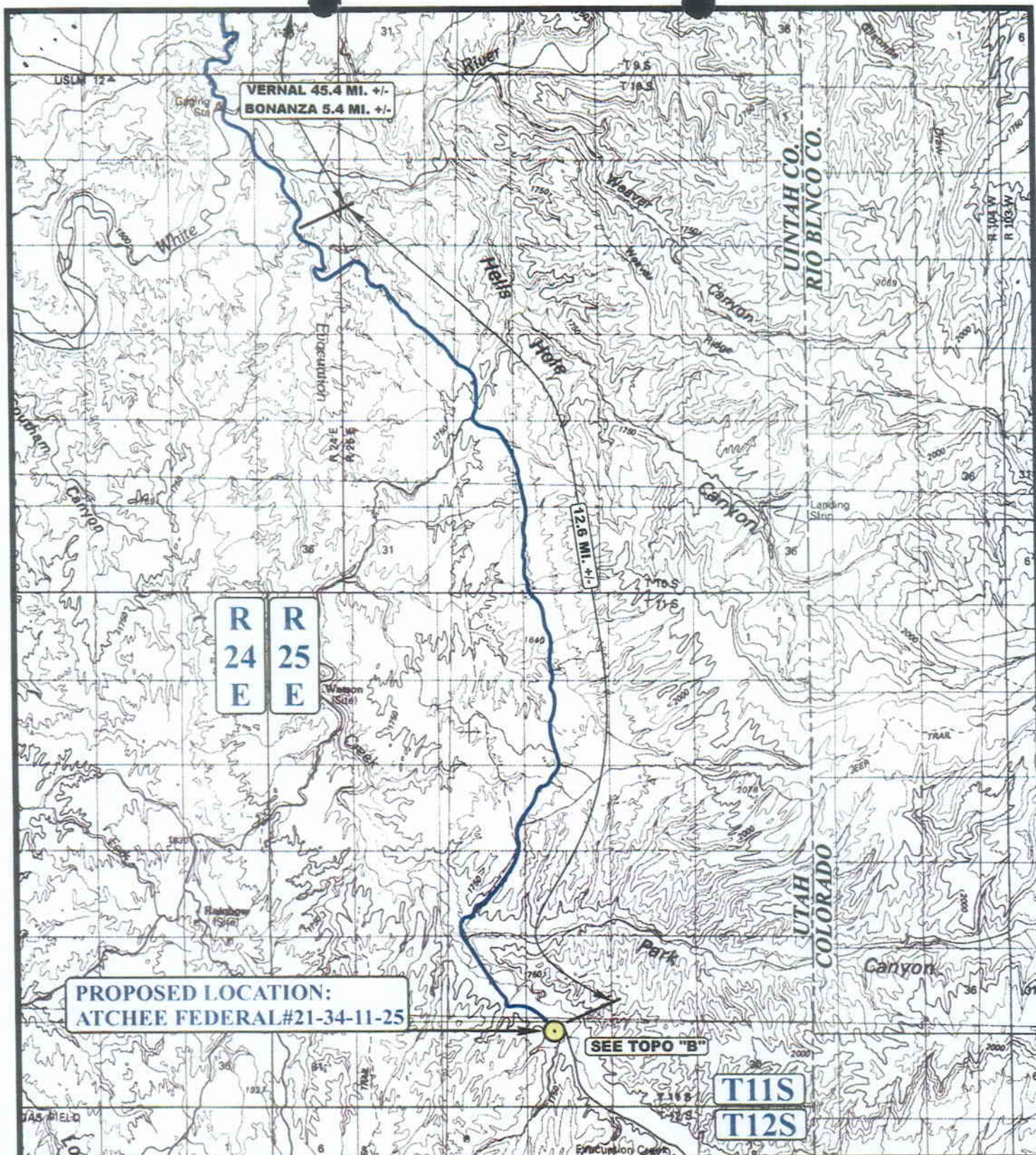
DRAWN BY: C.P.

REVISED: 00-00-00

**MEDALLION EXPLORATION
ATCHEE FEDERAL #21-34-11-25
SECTION 34, T11S, R25E, S.L.B.&M.**

PROCEED IN AN EASTERLY, THEN SOUTHERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 3.9 MILES TO THE JUNCTION OF STATE HIGHWAY 45; EXIT RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 41.5 MILES ON PAVED STATE HIGHWAY 45 TO THE JUNCTION OF THIS ROAD AND GRAVEL STATE HIGHWAY 45 TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 12.6 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTH; FOLLOW ROAD FLAGS IN A SOUTHERLY DIRECTION APPROXIMATELY 300' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 58.3 MILES.



LEGEND:

● PROPOSED LOCATION



MEDALLION EXPLORATION

ATCHEE FEDERAL #21-34-11-25
SECTION 34, T11S, R25E, S.L.B.&M.
486' FNL 1625' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

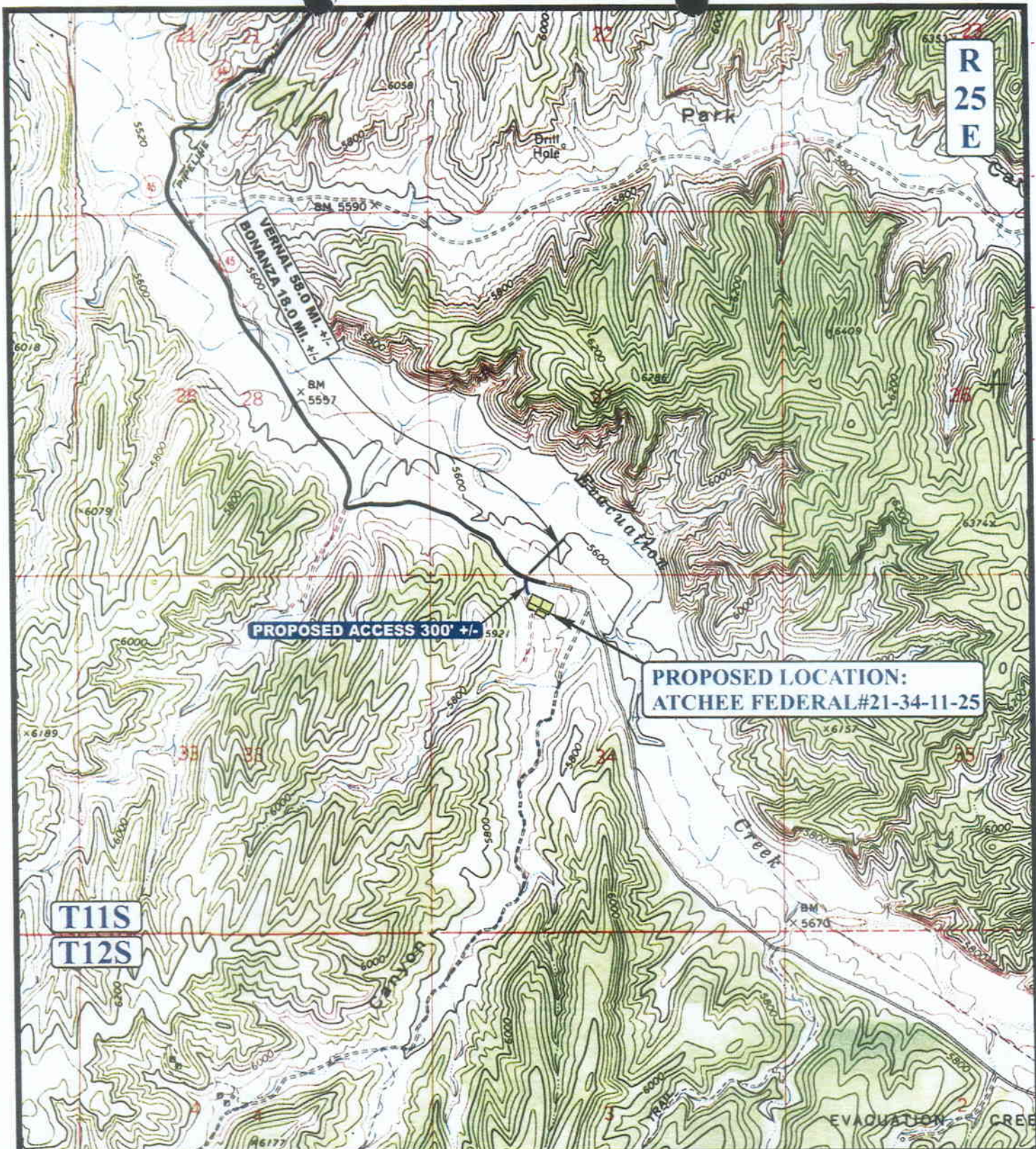
10 04 05
MONTH DAY YEAR

SCALE: 1:100,000

DRAWN BY: C.P.

REVISED: 00-00-00





LEGEND:

— EXISTING ROAD
 - - - PROPOSED ACCESS ROAD



MEDALLION EXPLORATION

ATCHEE FEDERAL #21-34-11-25
 SECTION 34, T11S, R25E, S.L.B.&M.
 486' FNL 1625' FWL



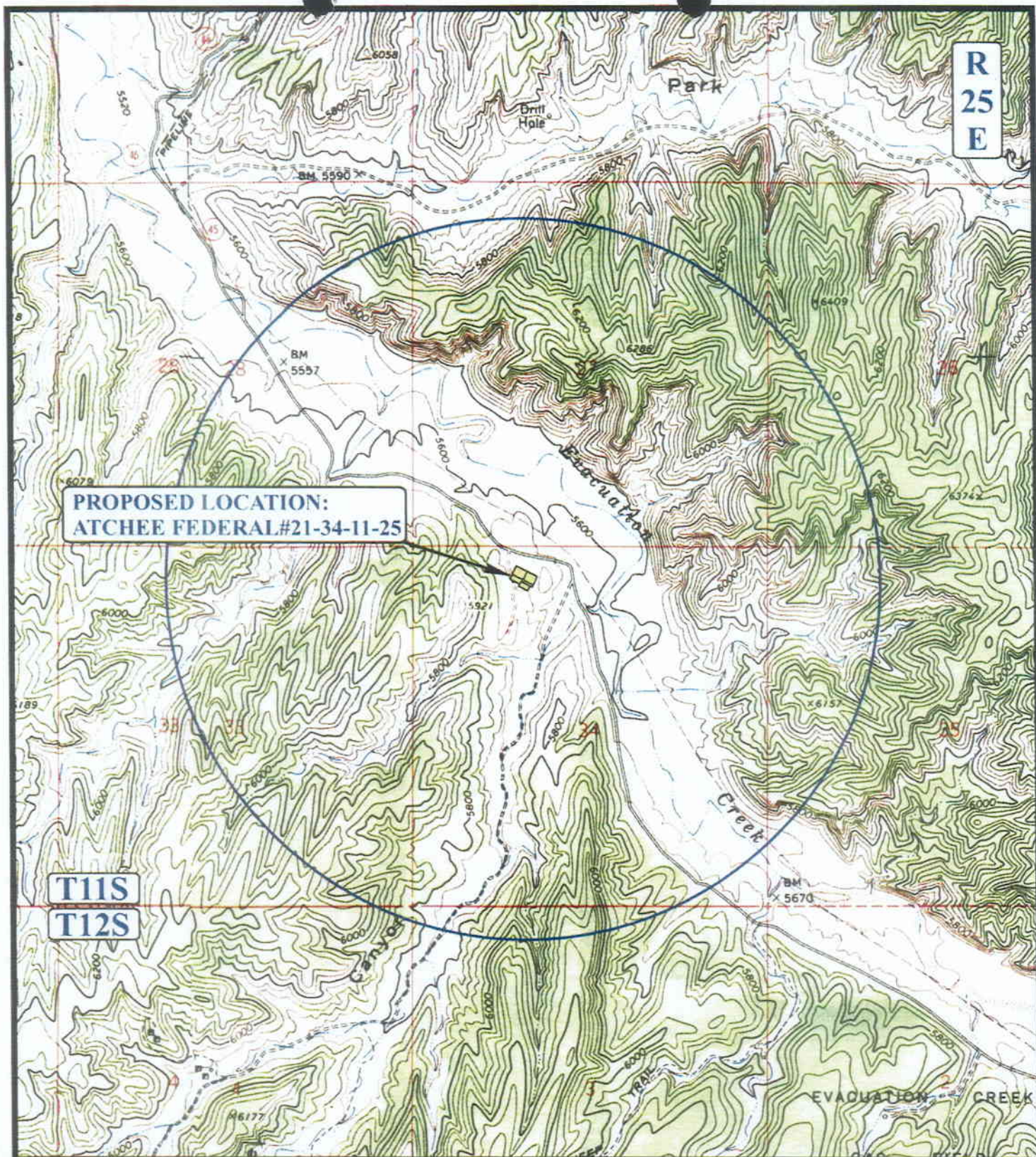
Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
 MAP**

10 04 05
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

**B
 TOPO**



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



MEDALLION EXPLORATION

ATCHEE FEDERAL #21-34-11-25
SECTION 34, T11S, R25E, S.L.B.&M.
486' FNL 1625' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

06 08 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/27/2006

API NO. ASSIGNED: 43-047-38769

WELL NAME: ATCHEE FED 21-34-11-25

OPERATOR: MEDALLION EXPLORATION (N5050)

CONTACT: RASCHELLE RICHENS

PHONE NUMBER: 801-566-7400

PROPOSED LOCATION:

NENW 34 110S 250E

SURFACE: 0486 FNL 1625 FWL

BOTTOM: 0486 FNL 1625 FWL

COUNTY: UINTAH

LATITUDE: 39.82439 LONGITUDE: -109.1074

UTM SURF EASTINGS: 661976 NORTHINGS: 4409771

FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU76736

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB000021)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 49-2218)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

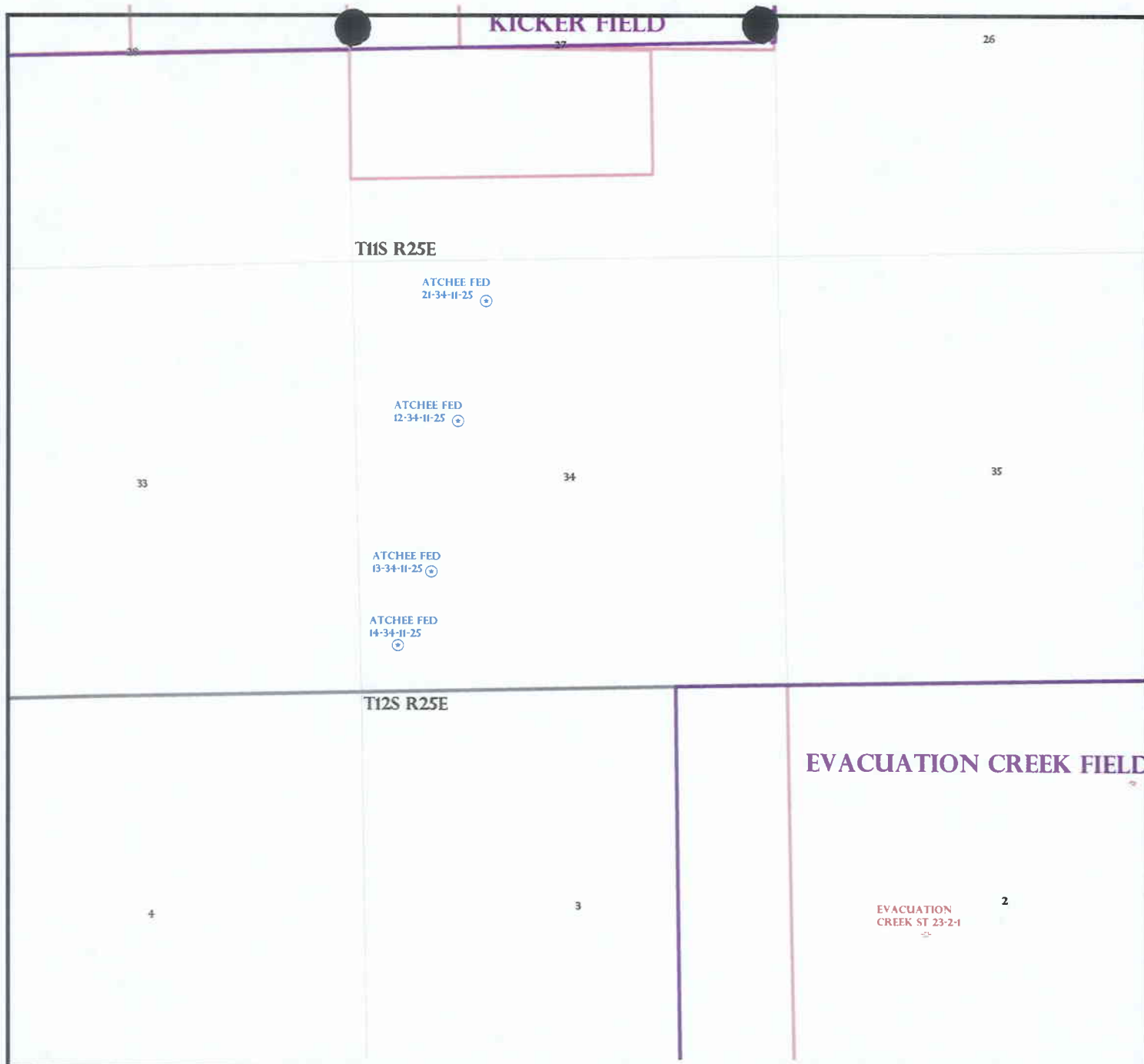
LOCATION AND SITING:

____ R649-2-3.
Unit: _____
____ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
☒ R649-3-3. Exception
____ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
____ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Fed. Approved
2- Spacing Strip



OPERATOR: MEDALLION EXPL (N5050)

SEC: 34 T.11S R. 25E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 30-OCTOBER-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 27, 2007

Medallion Exploration
6985 Union Park Center, Ste. 375
Midvale, UT 84047

Re: Atcher Federal 21-34-11-25 Well, 486' FNL, 1625' FWL, NE NW, Sec. 34,
T. 11 South, R. 25 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38769.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor (via e-mail)
Bureau of Land Management, Vernal District Office

Operator: Medallion Exploration
Well Name & Number Atcher Federal 21-34-11-25
API Number: 43-047-38769
Lease: UTU76736

Location: NE NW **Sec.** 34 **T.** 11 South **R.** 25 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 08 2006

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

5. Lease Serial No.

UTU76736

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Atchee Federal 21-34-11-25

9. API Well No.

43-047-38769

10. Field and Pool, or Exploratory

Undesignated.

11. Sec., T., R., M., or Blk. And Survey or Area

Sec. 34 T.11S R25E

1a. Type of Work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

MEDALLION EXPLORATION

3a. Address

6985 Union Park Center, Ste. 375 Midvale UT 84047

3b. Phone No. (include area code)

801-566-7400

4. Location of well (Report location clearly and in accordance with any State requirements. *)

At surface

NENW 486' FNL & 1625' FWL

At proposed prod. zone

14. Distance in miles and direction from the nearest town or post office*

58.3 Miles South of Vernal, Utah

12. County or Parish

Uintah

13. State

Utah

15. Distance from proposed*

location to nearest

property or lease line, ft.

(Also to nearest drlg. unit line, if any)

486'

16. No. of acres in lease

1640

17. Spacing Unit dedicated to this well

640

18. Distance from proposed location*

to nearest well, drilling, completed,

applied for, on this lease, ft.

NA

19. Proposed Depth

4500'

20. BLM/ BIA Bond No. on file

UTB000021

21. Elevations (Show whether DF, RT, GR, etc.)

5676'

22. Approximate date work will start*

Upon Approval

23. Estimated duration

10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by existing bond on file(see item 20 above).

5. Operator certification.

6. Such other site specific information and/ or plans as may be required by the a authorized officer.

25. Signature

Name (Printed/ Typed)

Date

RaSchelle Richens

7-Mar-06

Title

REGULATORY AFFAIRS

Approved By (Signature)

Name (Printed/ Typed)

Date

JERRY KENZKA

3-12-2007

Title

Assistant Field Manager
Lands & Mineral Resources

Office

VERNAL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the Unite States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*(Instructions on page 2)

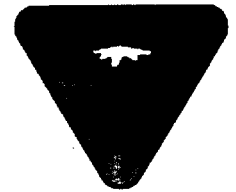
MAR 19 NOTICE OF APPROVAL

DIV. OF OIL, GAS & MINING

UDOGM



**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE
170 South 500 East VERNAL, UT 84078 (435) 781-4400**



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Medallion Exploration	Location: NENW, Sec 34, T11S, R25E
Well No: Atchee Federal 21-34-11-25	Lease No: UTU-76736
API No: 43-047-38769	Agreement: N/A

Petroleum Engineer:	Matt Baker	Office: 435-781-4490	Cell: 435-828-4470
Petroleum Engineer:	Michael Lee	Office: 435-781-4432	Cell: 435-828-7875
Petroleum Engineer:	Jim Ashley	Office: 435-781-4470	Cell: 435-828-7874
Petroleum Engineer:	Ryan Angus	Office: 435-781-4430	Cell: 435-828-7368
Supervisory Petroleum Technician:	Jamie Sparger	Office: 435-781-4502	Cell: 435-828-3913
Environmental Scientist:	Paul Buhler	Office: 435-781-4475	Cell: 435-828-4029
Environmental Scientist:	Karl Wright	Office: 435-781-4484	
Natural Resource Specialist:	Holly Villa	Office: 435-781-4404	
Natural Resource Specialist:	Melissa Hawk	Office: 435-781-4476	
Natural Resource Specialist:	Chuck Macdonald	Office: 435-781-4441	
Natural Resource Specialist:	Darren Williams	Office: 435-781-4447	
Natural Resource Specialist:	Verlyn Pindell	Office: 435-781-3402	
		Fax: 435-781-4410	

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

- | | | |
|---|---|--|
| Location Construction
(Notify Paul Buhler) | - | Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion
(Notify Paul Buhler) | - | Prior to moving on the drilling rig. |
| Spud Notice
(Notify Petroleum Engineer) | - | Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing
(Notify Jamie Sparger) | - | Twenty-Four (24) hours prior to running casing and cementing all casing strings. |
| BOP & Related Equipment Tests
(Notify Jamie Sparger) | - | Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice
(Notify Petroleum Engineer) | - | Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

1. The Company has agreed to bury the pipeline.
2. If paleontologic materials are uncovered during construction, the operator shall immediately stop work that might further disturb such materials and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation will be necessary for the discovered paleontologic material.
3. All Facilities on the well pad will be Olive Black
4. There is a documented Golden Eagle nest within .5 miles and there will be a timing restriction to protect Golden Eagle nesting from 2/1-7/15.
5. The project area is also within crucial deer winter range. There will also be a timing restriction to protect deer winter range from 12/1- 4/30.
6. Recontour and reseed the existing two track road that crosses the well pad and road.
7. Operator shall notify any active gilsonite mining operation within 2 miles of the location 48 hours prior to any blasting during construction for this well.

DOWNHOLE CONDITIONS OF APPROVAL

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

1. Production casing cement shall be brought up and into the surface.

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

1. There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
3. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
4. Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.

All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.

BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

No aggressive/fresh hard-banded drill pipe shall be used within casing.

Cement baskets shall not be run on surface casing.

5. The lessee/operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled and analyzed (a copy of the analyses to be submitted to the BLM Field Office in Vernal, Utah).
6. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.

7. The lessee/operator must report encounters of all non oil and gas mineral resources (such as gilsonite, tar sands, oil shale, etc.) to the Vernal Field Office in writing within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
8. No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.
9. Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.

In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.

10. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.

11. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.

All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.

12. Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.
13. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
14. This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - a. Operator name, address, and telephone number.
 - b. Well name and number.
 - c. Well location (1/4 1/4, Sec., Twn, Rng, and P.M.).
 - d. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - e. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - f. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.

- g. Unit agreement and / or participating area name and number, if applicable.
 - h. Communitization agreement number, if applicable.
15. Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
 16. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production
 17. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
 18. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 28, 2009

Medallion Exploration
3165 Millrock Dr. Ste. 550
Holladay, UT 84121

Re: APD Rescinded – Atchee Fed. 21-34-11-25, Sec.34, T. 11S, R. 25E,
Uintah County, Utah API No. 43-047-38769


Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 27, 2007. On March 31, 2008, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective April 28, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76736
2. NAME OF OPERATOR: Medallion Exploration		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 3165 E. Millrock Dr. Ste. 550 CITY Holladay STATE UT ZIP 84121		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 486' FNL & 1625' FWL		8. WELL NAME and NUMBER: Atchee Federal 21-34-11-25
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 11S 25E		9. API NUMBER: 4304738769
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT:
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: SPUD
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Medallion Exploration Spud this well on September 23, 2008 at 7:30 AM.

NAME (PLEASE PRINT) RaSchelle Richens	TITLE Regulatory Affairs
SIGNATURE 	DATE 5/14/2009

(This space for State use only)

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JUN 03 2009

**Atchee Federal 21-34-11-25
Sec. 34, T11S, R25E
Uintah County, Utah
API: 43-04738769**

08/16/2008 Doug Gardner Construction, building location.

09/04/2008 Doug Gardner Construction, building location.

09/24/2008 MIRU Ross Drilling, Rig 78. Drill Rat and Mouse hole. Spud well at 7:30 A.M. Unload casing. Set 40', 14" conductor. Continue to drill 50' of 12-1/4". SDFN.

09/25/2008 RIH, continue to drill out 12-1/4" hole. 12:00 shut down for H2O hose repair on rig. 3:45 rig repaired continue to drill 12-1/4" hole out to 360'. SDFN.

09/26/2008 RIH, continue to drill 12-1/4" hole from 360' to 560'. Run 518.64' of 9-5/8", 36# J-55, 8rd casing. SDFN.

09/27/2008 RDMO Leon Ross Drilling rig #78.

09/28/2008 RU Superior Well Service to cement casing. Pumped 259 sx Class "G" cement, 2%CALC2, .25#sk SUPERFLAKE, #3/SK SUPER GR, 5.00 W/Rq., Yeild 1.15, 15.8 Lbs/Gal. Cement back to surface, floats did not hold.

10/10/2008 Kenweld, Inc. picked up 9-5/8" X 11" 3000# casing head from Cameron in Vernal. Hauled to Atchee Federal 21-34-11-25 and welded it on as directed.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: MEDALLION EXPLORATION Operator Account Number: N 5050
Address: 3165 E. MILLROCK DR. STE 550
city HOLLADAY
state UT zip 84121 Phone Number: (801) 566-7400

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304738769	ATCHEE FEDERAL 21-34-11-25		NENW	34	11S	25E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	17357	9/23/2008		8/31/09		
Comments: <u>MURD</u>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

RECEIVED

AUG 2 5 2009

DIV. OF OIL, GAS & MINING

RaSchelle Richens

Name (Please Print)

RaSchelle Richens

Signature

Regulatory Affairs

Title

8/25/09
Date

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU76736
2. NAME OF OPERATOR: Medallion Exploration		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 6965 Union Park Center #400 CITY Cottonwood Heights STATE UT ZIP 84047		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 486 FNL 1625FWL		8. WELL NAME and NUMBER: Atchee Federal 21-34-11-25
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 11S 25E		9. API NUMBER: 4304738769
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Undesignated
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 4/6/2012	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Well was spudded drilled to 500', surface casing set at 500' on 9-23-2008. The well was never completed. On April 6, 2012 the well was P&A'd and witnessed by the BLM. The following procedure was completed:

100' cement plug from TD to 400' (38 sacks)
50' cement from surface to 50' (19 sacks)
Casing cut 3' below surface
Marker plate welded on casing

NAME (PLEASE PRINT) <u>DANA CYRMANSEN</u>	TITLE <u>Manager</u>
SIGNATURE <u>[Signature]</u>	DATE <u>7/18/12</u>

(This space for State use only)

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JUL 20 2012

D.V. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____

b. TYPE OF WORK: NEW WELL ☒ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER _____

2. NAME OF OPERATOR:
Medallion Exploration

3. ADDRESS OF OPERATOR:
6965 Union Park Center #CITY Cottonwood Heights STATE UT ZIP 84047

PHONE NUMBER:
(801) 566-7400

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 486 FNL 1625 FWL

AT TOP PRODUCING INTERVAL REPORTED BELOW:

AT TOTAL DEPTH:

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU76736

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:
Atchee Federal 21-34-11-25

9. API NUMBER:
4304738769

10. FIELD AND POOL, OR WILDCAT

11. QTR/QTR, SECTION, TOWNSHIP, RANGE,
MERIDIAN:
NENW 34 11S 25E

12. COUNTY
Uintah

13. STATE
UTAH

14. DATE SPURRED:
9/23/2008

15. DATE T.D. REACHED:
9/23/2008

16. DATE COMPLETED:
4/6/2012

ABANDONED ☒ READY TO PRODUCE ☐

17. ELEVATIONS (DF, RKB, RT, GL):

18. TOTAL DEPTH: MD 500
TVD

19. PLUG BACK T.D.: MD
TVD

20. IF MULTIPLE COMPLETIONS, HOW MANY? *

21. DEPTH BRIDGE MD
PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)

None

23.
WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)
WAS DST RUN? NO ☒ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☒ YES ☐ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
9-5/8	J55	29		500					0

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A)				
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

☐ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER: _____

30. WELL STATUS:

RECEIVED

AUG 02 2012

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (Include plugging procedure)

Well was only drilled to 500'. Surface casing was set at 500'. Well was plugged on April 6th, 2012 100' plug set on bottom 38 sac

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Dana Christensen

TITLE Manager

SIGNATURE 

DATE 7/23/2012

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation

- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
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Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940